



# REVIEW OF eVA AND CARDINAL INTERFACE EFFORTS

DECEMBER 2015

Auditor of Public Accounts  
Martha S. Mavredes, CPA

[www.apa.virginia.gov](http://www.apa.virginia.gov)

(804) 225-3350



## EXECUTIVE SUMMARY

The focus of this performance audit is on the current efforts to integrate the Cardinal finance module and eVA procurement system in order to provide transparency over the procure-to-pay business process. The current process is expected to cost \$8 million to provide an interface for roughly 11,000 transactions annually, resulting in a cost that outweighs the efficiency benefits it would add. Therefore, we recommend suspending the current interface effort until a business case is made to support the initiative. In addition, we recommend the eVA and Cardinal teams consider alternatives that may allow Cardinal users to obtain the best benefits from both the Enterprise Resource Planning (ERP) system and eVA, which may include allowing procurements to initiate within the ERP in lieu of the 2011 mandate that they begin in eVA. Finally, we also recommend that the teams consider utilizing Cardinal's procurement card module, which may provide transparency over a significant percent of procurement card transactions while also improving controls and creating efficiencies over manual procurement card processes employed today.

## –TABLE OF CONTENTS–

	<u>Pages</u>
EXECUTIVE SUMMARY	
BACKGROUND	1-2
OBJECTIVES, SCOPE, AND METHODOLOGY	2
REPORT AND RECOMMENDATIONS:	
CARDINAL AND EVA INTEGRATION EFFORTS	2-7
EVALUATION OF FORRESTER ALTERNATIVES	8-14
APPENDIX A – PROCESS FLOWS	15-17
TRANSMITTAL LETTER	18
OFFICIALS’ RESPONSE	19-26
RESPONSIBLE OFFICIALS	27

## BACKGROUND

In 2001, the Commonwealth of Virginia (Commonwealth) launched an electronic procurement system, known as eVA, which it acquired through a contract between the Department of General Services (General Services) and American Management Systems (later purchased by CGI), who hosts and maintains the software on the Commonwealth's behalf. The benefits of electronic procurement systems over manual processes are many, including the ability for the Commonwealth's agencies to place orders and negotiate competitive prices with a much larger vendor community.

In 2005, after eVA went live, citizens and lawmakers began seeking more transparency in government, including the desire for detailed information about what the Commonwealth buys. At that time, eVA alone could not satisfy this demand since it primarily stored only purchase orders. The Commonwealth's antiquated financial system, known as the Commonwealth's Accounting and Reporting System (CARS), was also a poor source to provide this information because it only stored payment information and there was no effective method to associate its payment information with eVA's purchase order data. Realizing that nothing could be done given the technology constraints, the Commonwealth opted to separately provide transparency over CARS payment information through Commonwealth DataPoint and procurement order transparency through General Services' eVA website.

In 2006, the Commonwealth initiated a project, known as Cardinal, to replace some systems with the PeopleSoft ERP solution. This initiative is described in more detail in our report titled, "Governance over Enterprise Applications," issued in December 2015 and available within the reports section of [www.apa.virginia.gov](http://www.apa.virginia.gov). The first project under Cardinal involved replacing CARS with PeopleSoft's finance module; the Department of Accounts (Accounts) expects to complete the statewide roll-out in February 2016. On July 1, 2016, CARS will be retired and the Cardinal finance system will become the Commonwealth's official accounting system. With the implementation of a modern finance system, the Commonwealth recognized an opportunity to begin resolving the issues that have previously prevented transparency in the procurement to payment process.

The question of how to achieve this has been heavily debated by both the Cardinal and eVA teams and two divergent schools of thought emerged as a result. The eVA team believed it was best to integrate eVA with Cardinal because eVA is the Commonwealth's enterprise procurement system, is used by most state agencies, and provides the ability for non-Cardinal users, such as local governments and agencies with independent financial systems, to also use an electronic procurement system. The Cardinal team, however, believed it was favorable to install and use Cardinal's procurement module for the Cardinal finance users, because as an ERP, it integrates procurement with finance to provide full transparency through an efficient process, and the Department of Transportation (Transportation), the Commonwealth's largest buyer, already successfully used the module.

To assist in selecting which course of action to follow, the Commonwealth hired Forrester, a research and advisory firm, to study the pro's and con's of both solutions and make a recommendation between the two choices. In 2013, Forrester recommended that the Commonwealth continue with

eVA, and the 2014 Appropriation Act subsequently included language mandating integration between eVA and Cardinal by February 2017. The intent of the mandate is to improve procurement transparency and increase efficiencies relating to the exchange of procurement transactions from eVA to Cardinal.

## **OBJECTIVES, SCOPE AND METHODOLOGY**

The objectives of our review were to:

1. Understand and evaluate the Cardinal and eVA integration efforts directed by item 76 C.2 of the 2014 Appropriation Act, Chapter 3. The Act requires General Services and Accounts to complete the integration plan by January 2015, with the objective that integration be completed by February 2017.
2. Understand the procure-to-pay solutions outlined in the 2013 Forrester report and determine whether other alternatives exist that were not fully considered in forming their recommendation.
3. Understand the various procure-to-pay models in place throughout the Commonwealth, and compare those models to the expected outcomes from the Cardinal and eVA interface effort currently under consideration.

The scope of our review was limited to procurement and payment systems used in the Commonwealth and considered information available during the Spring and Summer of 2015. We conducted this review by researching procure-to-pay models and understanding their best practices. We attended work sessions between the Cardinal and eVA teams where they defined the requirements of the integration project and interviewed leadership at Accounts, Transportation, and General Services, as well as the Cardinal and eVA teams. In addition, we attended process walk-throughs and interviewed personnel at various agencies including Virginia Tech, Radford University, the University of Virginia, Transportation, and the Virginia Community College System (Community College System) to understand how these agencies currently interface to eVA or integrate to their alternative procurement system.

## **CARDINAL AND eVA INTEGRATION EFFORTS**

The intent of the Cardinal and eVA integration is to provide for transparency and increase efficiencies relating to the exchange of eVA transactions to the Cardinal finance module. At the time of our research, the eVA and Cardinal project teams were collaborating to set the project's requirements to achieve the Act's February 2017 deadline.

---

*Integration is the process of bringing functions together to work seamlessly as one system while maintaining data in one location.*

---

The terms integration and interface are often used interchangeably, however there are substantial distinctions between the two. *Integration* is the process of bringing functions from various areas together and ensuring that the combined functions work seamlessly as one system, all while maintaining data in one location. An *interface*, often referred to as a bridge, is where two or more separate software products communicate under limited capacity. The data that is interfaced is maintained in multiple locations, therefore requiring more administration.

While interfacing can allow for near-real-time data communication, there is typically a time delay between the initiation and processing of a transaction. Integration does not require synchronization, as the data is all within the same shared database, therefore allowing for faster and easier data communication. Although the Act requires eVA and Cardinal integration, we see the current efforts as better aligning with the definition of an interface; therefore, we will refer to the current efforts as such throughout this report.

---

*An Interface is a bridge between two or more separate software products that allows them to communicate; however, data is maintained in multiple locations, requiring more administration.*

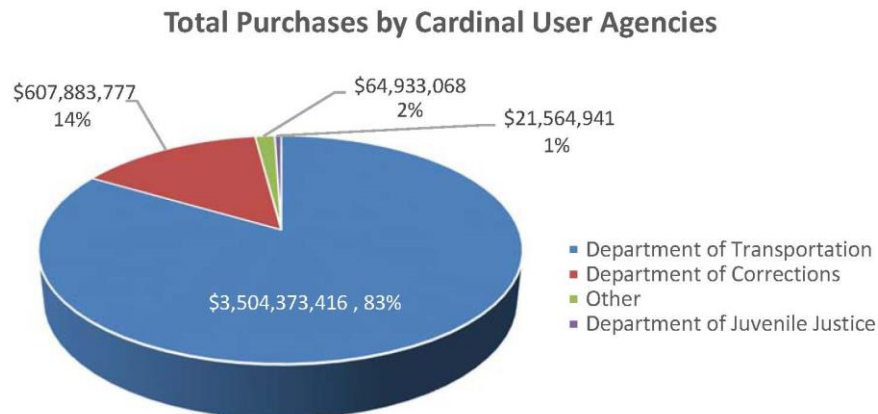
---

### Current Interface Efforts

In the current environment, most agencies use eVA to make procurements and separately key or transmit the related payment data into Cardinal or their own independent financial system. Although the Act intended complete integration of all procurement data for all Cardinal user agencies, the interface initiative currently underway provides for the electronic exchange of only certain procurement data from eVA into Cardinal for the 130 agencies that use Cardinal as their primary financial accounting system. This interface will require the implementation of portions of the Cardinal procurement module (currently in use only by Transportation) in order to create a placeholder for the transferred eVA order data into Cardinal so that Cardinal can relate the procurement to its subsequent payment. Agencies that do not use Cardinal as their primary financial accounting system are not subject to the requirements of the Act since their independent systems, and not Cardinal, handle their procurement-to-payment process. Some of these non-Cardinal agencies have already designed interfaces that bring the eVA procurement order information into their independent systems. This group of non-Cardinal agencies includes some large purchasers such as higher education institutions, independent agencies, the Virginia Information Technologies Agency, and General Services.

Diagram 1 below shows an overview of the dollars of purchases made by Cardinal user agencies at \$4.2 billion in fiscal year 2014, with the largest agency user being Transportation, which accounts for 83 percent or \$3.5 billion of the \$4.2 billion dollars. To give some perspective, the total of purchases statewide by Cardinal and non-Cardinal user agencies totals about \$7 billion, so Transportation is a significant component of state spending.

**Diagram 1**



The eVA and Cardinal teams recognized early in the planning phase of the project that two large groups of goods and services would not be part of the interface project: 1) Transportation's transactions and 2) items procured using a purchase card, for the reasons we describe in the following paragraphs.

#### Exclusion of Transportation Transactions

Although Transportation is a Cardinal user agency, they do not use eVA for the majority of their purchase orders and instead use the PeopleSoft procurement module. When designing and implementing their system starting in fiscal year 2009, Transportation determined that the PeopleSoft procurement module best met their needs and were actively installing the system when a 2011 mandate was approved requiring all agencies to initiate their requisitions in eVA, as provided in the Code of Virginia, Section 2.2-1110(A). Consequently Transportation does not comply with the mandate, but they 1) do comply with the Virginia Public Procurement Act; 2) interface their purchase order data with eVA to provide data transparency; and, 3) pay the required vendor fees for those purchases to General Services. Transportation subsequently requested an exemption to the mandate and in February 2015 General Services granted a temporary exemption until December 31, 2016, with the expectation that Transportation and General Services work together to complete an analysis by that time.

Transportation accounts for nearly half of the \$7 billion in statewide purchases made during fiscal year 2014 and 83 percent of the purchases made by Cardinal user agencies. Because Transportation uses the PeopleSoft procurement module as a companion to Cardinal finance, Transportation can already provide procurement-to-payment transparency without the need for additional modification. They would only need to be included in the current interface effort if they modify their procurement process to begin with eVA. Ultimately, if Transportation is required to comply with the mandate, there will be costs associated with changing their systems and business processes to initiate requisitions in eVA; however, we cannot estimate those costs, and they were not a focus of this review.

## Exclusion of Purchase Card Transactions

Procurements paid with purchase cards by Cardinal agencies represent an overwhelming majority of eVA transactions and are popular because they reduce the number of vendor invoices and vouchers an agency must process. However, developing a way to relate the many eVA credit card transactions to one credit card payment voucher in Cardinal was viewed as a significant challenge, which led to the decision to exclude them at this time.

## Impact of Exclusions

To understand the impact of excluding purchase card transactions, we used the Cardinal user agency data for fiscal year 2014 from Diagram 1 and excluded Transportation's transactions to identify 33,124 purchases by the remaining agencies (17 percent of the population from Diagram 1) in fiscal year 2014. Of those purchases, we found that approximately 68 percent of them were made with a purchase card as illustrated in Table 1 below.

---

*As currently planned, the interface project would only improve transparency for about 5.4 percent of the procurement transactions executed by 130 Cardinal user agencies.*

---

**Analysis of eVA Procurement Transactions by Payment Method**  
(Excluding Transportation)

**Table 1**

Purchase Card	22,487	68 %
Non-Purchase Card	10,637	32 %
Total Procurements	33,124	100 %

By excluding both Transportation and purchase card transactions from the interface, the Commonwealth will only improve efficiency and transparency over approximately 10,637 transactions, or 5.4 percent of the procurement activity for the 130 Cardinal user agencies, and an even smaller percentage of the \$7 billion in statewide procurements.

In addition, we estimate the current interface plan would likely result in \$42,616 in annual efficiency savings by eliminating the need to dual key information into both eVA and Cardinal. As shown in Table 2 below we based this estimate on the time the Commonwealth may save by interfacing the 10,637 non-purchase card transactions.

**Estimated Annual Efficiency Savings**  
(Excluding Transportation)

**Table 2**

Estimated Time Savings	Range of Efficiency Savings (Hours)	Range of Efficiency Savings (Dollars)
5 minutes	886	\$ 21,308
15 minutes	2,659	63,924
30 minutes	5,319	127,849
<b>Weighted Average</b>	<b>1,773</b>	<b>\$ 42,616</b>
(Dollars assume a fiscal technician's fully burdened salary at \$50,000)		



To date, the Cardinal team estimates it will cost approximately \$7.9 million to modify Cardinal to accept eVA information based on the requirements for transparency and efficient business processes as laid out during planning meetings between Cardinal and eVA. General Services estimates their modifications to eVA would cost about \$260,000. Under the proposed scope, we conservatively estimate the payback period from efficiency savings (based on the average shown in Table 2) at 191 years, based on the combined cost estimates of Cardinal and General Services of \$8.16 million.

Excluding purchase cards from the interface plan prevents the Commonwealth and citizens from having complete transparency upon which to make decisions and draw conclusions. Obtaining and analyzing a complete population of procurement and associated payment data has the potential to identify efficiencies; however, without including purchase card data, the cost to interface will most likely outweigh the desired efficiency benefit.

### ***Recommendation 1***

The eVA and Cardinal teams should suspend their current plan to interface Cardinal and eVA until they develop a sound business case to do so. In developing the business case, the Cardinal and eVA teams should explore several alternatives and explore the cost and benefit of each to evaluate which alternative is best for the Commonwealth as a whole.

The analysis that supports each alternative should include an accurate and complete cost estimate of the alternative along with an evaluation of its quantitative and qualitative benefits under the planned scope. The analysis should estimate the volume of procurement transactions that will become transparent from that alternative, any efficiency savings, and the payback period. Further, each alternative should explain any excluded transactions, the reason for the exclusion, and plans to deal with them in the future. Finally, in order to provide decision makers with a complete perspective of this project's value, the analysis should describe the volume of transactions that this project will affect compared to the volume of procurement transactions made by the Commonwealth that are not part of the Appropriation Act requirement.

The eVA and Cardinal teams have previously submitted an implementation schedule for their current interface project to the House Appropriations and Senate Finance Committees as provided in the Act, and there was no requirement that the Committees approve the plan. We recommend they present a revised business case to the Senate Finance and House Appropriations Committees and obtain their approval to proceed with the current interface project, another alternative, or abandon the interface effort if it is not advantageous to proceed.

### **Purchase Card Automation Opportunity**

As described previously, the Commonwealth pays for the majority of Cardinal agency procurements with purchase cards, and transactions with this payment type are currently excluded from the eVA and Cardinal team's interface effort. While conducting this review, we discovered that

one of Cardinal's modules, already owned by the Commonwealth and used at Transportation, includes a purchase card module that may allow for transparency over these purchases without the need for any interface to eVA. We believe this module may have the added benefit of improving controls and efficiencies as it facilitates other purchase card internal controls, such as logging of purchases and reconciliations.

The purchase card process is handled differently throughout the Commonwealth. It can be largely a manual process at some agencies or involve electronic solutions at others. Some agencies use an eVA Purchase Card report log to help them track and complete their purchase card logs. When the purchase card statement arrives each month, cardholders must manually compare it to a log of purchases they maintained throughout the month and then have their supervisor sign off with an approval. However, at Transportation, the PeopleSoft purchase card module electronically collects data from the purchase card bankcard vendor daily, allows the cardholder to validate their purchases anytime and continuously throughout the month, and enables their supervisors to approve them electronically. Most importantly, it also associates the approved daily detailed purchases with the bankcard vendor's monthly statement when it arrives and identifies any purchases that were not approved by the cardholder and their supervisor.

The PeopleSoft purchase card module reduces manual reconciliation time as well as human error. In addition, the module integrates with the Cardinal payment module and associates the procurement of the good or service to the payment of the bankcard vendor. This module is fully functional at Transportation, therefore demonstrating that it has the ability to work effectively and efficiently.

### ***Recommendation 2***

The eVA and Cardinal teams should evaluate the PeopleSoft purchase card module used by Transportation and consider its ability to improve transparency over purchase card transactions. In addition, the State Comptroller should consider whether the module could provide sufficient controls and generate efficiency savings by automating the logging, reconciliation, approval, and invoice matching processes.

The eVA and Cardinal teams should compare the cost of building a custom Cardinal and eVA interface for purchase card transactions versus implementing the PeopleSoft purchase card module. Either solution should be effective in providing the desired transparency, but the PeopleSoft purchase card module may also provide efficiency savings over the current manual logging, reconciliation, approval, and invoice matching processes.

## EVALUATION OF FORRESTER ALTERNATIVES

For its 2013 study, the Commonwealth asked Forrester to consider two alternatives: use eVA or use Cardinal's PeopleSoft procurement module. The Commonwealth did not direct Forrester to evaluate other alternatives, but instead asked them to make a binary choice between the two alternatives described above. To ensure we had a sound understanding of these alternatives, we met with the eVA and Cardinal teams. Additionally, we explored how the University of Virginia, Virginia Tech, Radford, Transportation, and the Community College System approach procurement and payment activities to explore other alternatives. The functionality and advantages of each alternative are described below, and summary process flows of each are included in [Appendix A](#).

### eVA

eVA is the Commonwealth's official procurement solution. The system facilitates the entire procurement process, from buyer to supplier and back. eVA's functionality allows its users to search for products and services from state contracts and vendor catalogs and manages purchase approvals through customizable workflows, which are based on each agency's business rules. Additionally, eVA includes a sourcing module to find vendors that sell specific goods or services, and this provides a means for buyers and vendors to interact.

One of the most popular procurement methods in eVA is known as quick quote. Quick quotes allow users to create small dollar bids (above \$5,000 and below \$100,000) so they may receive electronic quotes. Quick quote is an alternative to traditional quote gathering methods and fax-back quoting. Quick quotes allow attachments to be included for detailed pricing or configuration requirements supporting the quote and provide an audit trail of the bidding process.

eVA Pros
<ul style="list-style-type: none"><li>• Customizable to agency needs</li><li>• Strong support for catalog purchases</li><li>• Buyers and vendors trained</li><li>• Extensive local government usage</li><li>• Strong vendor network</li><li>• Vendor self-registration</li><li>• Public website to post solicitations</li><li>• Vendor notification of solicitations</li><li>• Strong sourcing features (e.g. quick quote)</li><li>• eMail web shopping experience</li></ul>

eVA provides for vendor self-registration, which helps expand the Commonwealth's supplier network and increases competition. In addition, eVA hosts a public website, Virginia Business Opportunities, for buyers to post solicitations and associated documents, and then eVA sends electronic notifications to any vendor who accepts electronic notifications. There is no cost for vendors to join eVA's procurement marketplace and by joining, vendors receive access to public reports showing who buys what they sell, as well as the ability to participate in online bidding. eVA also provides vendor catalogs so buyers can find products and offers support to buyers and vendors through eVA's Customer Care help desk. eVA also maintains a record of purchasing transactions and stores them in a data warehouse.

eVA's greatest feature is its flexibility. CGI hosts the eVA system, which it provides to the Commonwealth as a software-as-a-service. Software-as-a-service is an application hosted by a vendor and made available to customers over the internet. eVA is a vendor supported product, which allows the Commonwealth to customize it to meet its procurement needs. The vendor makes updates to the application on behalf of the Commonwealth, since the Commonwealth does not host

the application. In addition, eVA provides local governments with access to an electronic procurement system where they can take advantage of buying from state contracts.

### Cardinal ERP

Transportation makes the majority of its \$3.5 billion in purchases using the procurement module of Cardinal's PeopleSoft ERP system. An ERP, such as Cardinal, provides a suite of delivered modules, including financial, receivable, payable, and procurement, which are designed to work together to allow for a seamless transition between ordering, receiving, vouchering, and payment. An ERP allows the user to enter data once and, because the data is stored in a central repository, all of the modules can access and associate that data. Also, the user experience is simple and efficient in an ERP due to a single log-on to all modules, and there is a similar look and feel as the user navigates among the various modules.

Using Cardinal's integrated ERP modules for procurement enables the tracking of all actions from a single summary screen. Like eVA, Cardinal can provide customizable approval workflow and role-based security; however, Cardinal's integrated procurement and finance modules offer edit controls not found in eVA. These edit controls can ensure only valid accounting information is entered when an item is ordered and that funds are available before placing the order.

Cardinal Pros
<ul style="list-style-type: none"><li>• Fully integrated business suite</li><li>• Automated three-way match</li><li>• Seamless transition between all phases of procurement</li><li>• Data in one central repository</li><li>• High level of quality data</li><li>• Increased transparency</li><li>• Management efficiencies in reporting, budgeting and decision making</li><li>• Single Sign on</li></ul>

One of the most highly efficient processes that can be performed by Cardinal is the automated three-way match that occurs before a vendor payment is made. The purpose of the match is to compare quantities, prices, and terms from the vendor's invoice to the purchase order and to ensure it matches the actual goods that have been received, a key financial control. Also, since the entire procurement process occurs in a single database, transparency increases for all procurement data including contracts, prices, quantity, and payment. The single database enables efficiencies for management in reporting, budgeting, and making reliable decisions.

### Hybrid

In addition to the two approaches defined above, the Forrester report briefly touched on another approach, which they called the hybrid option. The hybrid option would allow for the use of both eVA and Cardinal's procurement module, i.e. using Cardinal procurement for Cardinal agencies and using eVA for eProcurement at all interfacing agencies and local government. However, Forrester found this option to be cost-prohibitive due to the expenses of operating two systems and the confusion it may add to the vendor community, and therefore recommended the Commonwealth not consider this option.

## Alternative Not Evaluated: Integrated Approach with Punch-Out

---

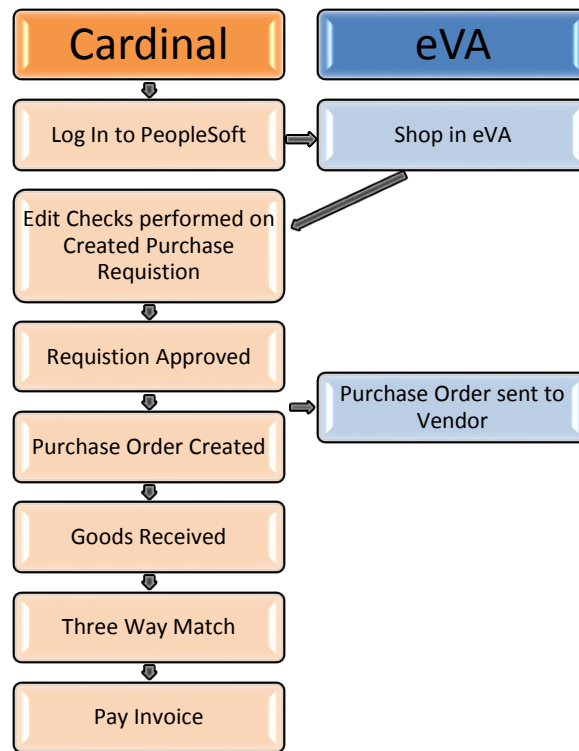
*The Commonwealth has not considered an option using the Cardinal procurement module with a punch out feature to eVA for selection of the item.*

---

Our review found the possibility of another option that was not considered by the eVA and Cardinal teams or Forrester, which is modeled after processes used at the University of Virginia and Virginia Tech. This option involves keeping eVA but allowing Cardinal user agencies to initiate a procurement within the Cardinal procurement module (i.e. build the purchase order using database elements native in the Cardinal system such as vendor name and accounting information) with a punch out to eVA to select the actual items to buy. Although this sounds somewhat similar to the hybrid approach suggested by Forrester, there are substantial differences. Forrester's hybrid envisioned two fully functional procurement systems that performed almost identically and agencies would use one or the other exclusively. The integrated approach with punch-out option instead envisions maintaining eVA so that non-Cardinal agencies and local governments can fully access its procurement features, but allows Cardinal user agencies to benefit from Cardinal's integration while still using limited eVA components, such as the eMall, quick quote, and vendor communications. We believe this alternative is less expensive than Forrester's hybrid because Cardinal procurement would not duplicate eVA functionality, such as vendor catalogs and vendor relationship management. Additionally, implementing the Cardinal procurement module is already a requirement necessary to support the current interface project underway by the eVA and Cardinal teams so that cost would be sunk either way.

We met with the University of Virginia and Virginia Tech to understand their procurement and payment processes since they each use non-state systems, including Oracle and Banner, respectively. We found that both schools initiate procurements within their accounting systems and punch out to a separate SciQuest procurement system to select the actual commodities. SciQuest is a competitor to the base eVA software, known as Ariba, and offers similar functionality to eVA. Learning about their processes allowed us to rethink how the Commonwealth could combine Cardinal and eVA to work in a similar fashion. This model, detailed below in Diagram 2, shows the process between Cardinal and eVA at a high level and allows Cardinal user agencies to leverage the best qualities of both systems.

Diagram 2



With this option, the user would begin by logging in to the Cardinal procurement module to initiate the procurement process and create an order. The transition to the eVA punch out would be seamless and handled by a single sign-on to Cardinal to begin the shopping experience. Once punched out to eVA, the employee would experience shopping in a manner similar to Amazon.com or a retailer's website. eVA's vendor catalogs would be available to provide the employee with alternatives. The employee would conclude shopping by submitting the order for checkout, which would initiate the item information to be transferred to the Cardinal purchase order where Cardinal can perform edit checking, such as confirming sufficient funds are available to make the purchase. Based on selected edit checks, Cardinal could either prevent the employee from making the transaction or warn the employee of a potential unauthorized transaction.

After passing the edit checks, Cardinal would create a purchase requisition, process it through its finance module approval workflow, and create a purchase order. The completed order could be sent back to eVA to transmit the order to the vendor. As the goods or services are received, data is entered into Cardinal, and a payment voucher is processed when the vendor's invoice arrives. As an integrated system, Cardinal finance would perform an automated three-way match of the purchase order, receiving data, and invoice, ensuring quantities, price, and terms from the vendor's invoice match to the purchase order and the amounts actually received. Once Cardinal has validated the match, it will pay the vendor.

Although all options discussed above have similarities, the integrated option with a punch-out incorporates the enhanced procurement features of eVA and the integration benefits of Cardinal

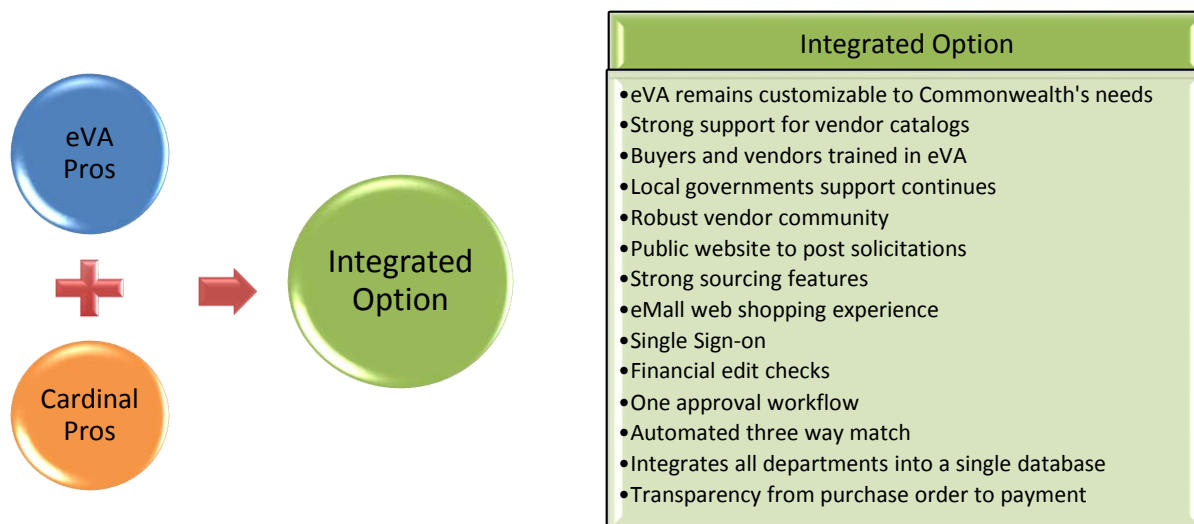
and has fewer interface components than currently being considered by the Cardinal and eVA teams. This solution uses Cardinal's single database, which links procurements to payments to provide transparency over what the Commonwealth buys. Some benefits include:

- Incorporates the single sign on advantage of Cardinal, allowing for a seamless transition between it and eVA and eliminating the inefficiency caused by signing onto both to separately make a purchase and pay for it. The single sign-on approach adjusts the Commonwealth's current procurement point of origin, allowing the procurement to begin in Cardinal and punch out to eVA, providing a simpler user experience and taking advantage of the Cardinal's functionality.
- Takes advantage of eVA's robust vendor community and sourcing advantages. eVA provides Cardinal with its eMall and quick quote features to facilitate the buying experience, something that Cardinal procurement does not provide. Many of the sourcing features in Cardinal require the manual entry of items, which does not compare with the eVA's eMall functionality.
- Gives employees the advantage of using Cardinal's real-time response to edit checks performed against the procurement. eVA's edit checks can occur via an interface, but that activity may take several minutes and the delay creates inefficient idle time for employees, compared to the integrated option which provides the employee with an instant response.
- Streamlines the approval workflow and creates one set of purchase order numbers.
- Facilitates Cardinal's automated three-way match. By allowing Cardinal's procurement and finance modules to control the administrative aspects of the procurement, Cardinal can provide the desired transparency between procurements and payments.
- Allows non-Cardinal and local government users to continue to use eVA.
- Increases Cardinal's functionality, which may entice agencies that currently maintain independent systems to switch to Cardinal due to its advantages and efficiencies.

In summary, under this approach, eVA would integrate all information instantly with Cardinal and the data would be located in the Cardinal database, which ensures a high level of data integrity and transparency. This model eliminates much of the redundancy involved with setting up users and approvals in two systems and exploits the best features of eVA, including the vendor community, eMall, and sourcing tools, as well as Cardinal's best features. Diagram 3 below outlines the integrated option's use of eVA's and an ERP's best features:



**Diagram 3**



### **Recommendation 3**

The Commonwealth's planned approach to interfacing eVA and Cardinal was based on a binary choice of using either eVA or Cardinal for procurement. We recommend that the eVA and Cardinal teams explore other alternatives, such as the one we describe in this report, which uses portions of both eVA and the PeopleSoft procurement module to achieve transparency and efficiencies and promote the Commonwealth's enterprise goals.

Rather than making this decision unilaterally, we recommend the choices be explored by the eVA and Cardinal teams and a recommendation be presented to a governing body, such as the one recommended in our report on Enterprise IT Governance, who can aid in assessing the recommendation without individual agency bias.

During the vetting of this report, General Services proposed another alternative to the interface approach since its current cost is high and the payback period is long. Under this alternative, Cardinal finance would be modified to add a field to capture the purchase order number, and Cardinal user agencies would be required to manually enter the related purchase order number when entering the payment voucher. Likewise, agencies with independent systems would need to transmit the purchase order number field when interfacing their data to Cardinal finance. General Services also proposes that the Cardinal finance system interface its voucher data (including the purchase order number) to the eVA warehouse so the warehouse can store both the purchase order data and vendor payment data, with the purchase order number serving as a mechanism to link the two.

Although the viability of this alternative should be explored before a final decision is reached, we have the following concerns, as enumerated below:



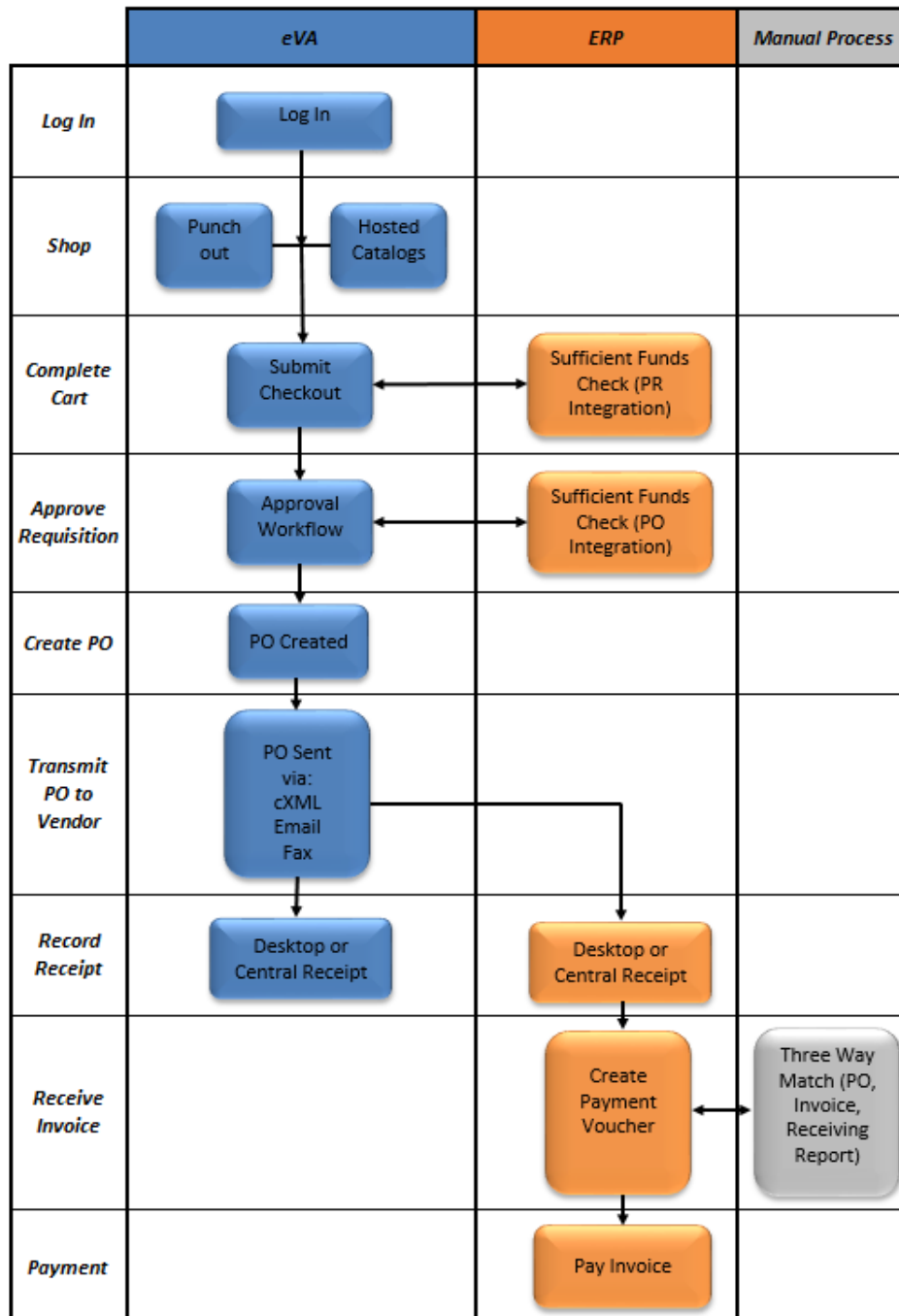
1. The purchase order field has no features to ensure data quality and may be prone to keying errors that would pass undetected.
2. There is not a one-to-one relationship between purchase orders and payments. A single purchase order in eVA can be paid through several vouchers in Cardinal finance, as all the goods and services on the order may be received and billed at different times. Likewise, a voucher can be used to pay multiple purchase order transactions to the same vendor. This alternative does not address these situations which are common, everyday occurrences.
3. Some vouchers, such as those made to the purchase card vendor, can reflect hundreds of individual purchase orders. The Cardinal finance field under this proposal can only accept one purchase order number for the entire voucher.

Relating the eVA purchase order information to the Cardinal finance data in the eVA warehouse will require additional human and systems effort to provide the information in a citizen facing format. Additionally, staff must be available to answer citizen questions that will inevitably arise since the data will not match in many instances. Essentially, we are concerned that this solution may result in more questions than benefits and result in citizen doubts about data integrity.

### Description of the Interface Process Currently Under Development

The flowchart below shows the process that is currently used to interface eVA with ERP's at entities such as Radford University and the Virginia Community College System. This is a similar model envisioned by General Services for the interface project. A description follows.

**eVA Process Flow with Interface to ERP such as Cardinal**



Since General Services has mandated that all procurements must begin in eVA, an employee first logs into eVA via the eVA portal or eVA home page. After establishing a connection to the eVA network, the employee accesses the eMall and creates a purchase requisition. During this process, the employee selects a vendor and enters the quantity of goods or services the organization is to receive. Additionally, an employee assigns account codes to the requisition to identify the fund stream that will pay for the purchase. eVA performs edit checks to confirm that the employee has the authority to make purchases from the selected account code(s), then automatically creates a purchase requisition using the pricing figures included within the eMall.

After completing the requisition, the employee submits it for approval and eVA routes the requisition to the appropriate approver as defined within the employee's workflow. Once approved, the requisition then becomes a purchase order.

The purchase order is subject to certain edit checks before eVA transmits the order to the vendor for fulfillment. For instance, eVA interfaces to the ERP to run an edit check that may take up to several minutes to confirm that sufficient funds are available. If sufficient funds are not available, the ERP notifies eVA to reject the purchase order and sends it back to the employee.

Interfacing between eVA and the organization's ERP system can take place at either the purchase requisition or purchase order phase. If the interface takes place at the purchase requisition phase, the requisition is subject to edit checks with the ERP before eVA sends the requisition to the approver. This provides the employee with feedback up to several minutes later, as to whether the requisition passes all of the ERP's edit checks. If the interface takes place at the purchase order level, the edit checks are run after approval has occurred. Currently, the majority of ERP's interfaced with eVA do so at the purchase order stage.

After passing the edit checks and obtaining the proper approvals, eVA sends the order to the vendor for fulfillment. eVA sends the order to the vendor through email, fax, or commercial eXtensible markup language (cXML). As the goods or services are received, the organization completes the receiving usually in their ERP, although eVA offers receiving functionality.

Once the organization receives the goods or services and vendor invoice, it performs a match to compare the prices and quantities received and billed, to the original purchase order. This match is currently done manually, outside of eVA, and the ERP and the organization follows up on discrepancies that are above its set tolerance levels, if established. If all three documents agree within the set tolerance, the organization authorizes the invoice to be paid.

### Description of the APA Recommended Integrated Approach with Punch-Out

As shown previously in Diagram 2, a different approach to procurement uses the ERP delivered procurement module, which includes the purchasing, contracts, strategic sourcing modules, and e-procurement. The process begins with the employee logging into the ERP and accessing the procurement module. Employees can create a purchase requisition by clicking a link

that punches them out to a marketplace that contains available items from vendor catalogs and agency contracts; once done shopping, the employee clicks a link that inserts the selected items into a purchase requisition. From that point, the ERP performs edits, validating the requisitions accounting information for accuracy and ensuring funds are available in the employee's departmental budget.

After passing the edit checks, the ERP routes the requisition for approval using the employee's defined approval workflow. Multiple levels of approvals and assignment functionality can be added depending on the agency's business needs. Notifications are received through e-mail or on the ERP's worklist for the next required procurement action thereby eliminating the need for the employee to remind an approver to take action. Once approved, the requisition's items are sourced through sourcing events or solicitations, which are created in the strategic sourcing module of the ERP. For example, general terms and conditions can be automatically attached to the solicitation document and any special terms and conditions can be added for a request for proposal and invitation for bid. The buyer can add bid factors to any sourcing event, such as specific questions whether the responses from the bidder can be weighted and scored to determine the ranking towards an award. Additional users can be added to the sourcing event for review, comments, scoring, and any necessary approvals.

As items are received, they are entered with the associated purchase order, and the ERP automatically updates the related purchase order value and balances. When the vendor's invoice arrives, the ERP creates a payment voucher that associates the invoice information with the purchase order and its related receiving lines form the purchase order receipt. The voucher then undergoes electronic three-way matching (comparing the vendor's invoice to its purchase order and receipt to ensure quantities and prices are consistent) and budget checking. If the voucher contains any errors detected during this matching, the payment voucher must be corrected before it will process the payment. Approved vouchers are posted to the accounts payable module and approved for payment and this data is also integrated with the general ledger module.



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

December 3, 2015

The Honorable Terence R. McAuliffe  
Governor of Virginia

The Honorable John C. Watkins  
Chairman, Joint Legislative Audit  
and Review Commission

We have reviewed the Commonwealth's interface efforts between the eVA and Cardinal systems and are pleased to submit our report entitled **Review of eVA and Cardinal Interface Efforts**. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **Exit Conference and Report Distribution**

We discussed this report with the Secretary of Administration, Chief Information Officer, State Comptroller, and leadership from the Department of General Services on various dates throughout October and November 2015. Additionally, we shared this report with the Secretary of Finance throughout the process. Each responsible official was invited to respond to this report and if one was provided, it is included in the section titled "Official's Response." We did not audit their responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

KKH/alh



# COMMONWEALTH of VIRGINIA

Office of the Governor

December 1, 2015

Nancy Rodrigues  
Secretary of Administration

Ms. Martha S. Mavredes, CPA  
Auditor of Public Accounts  
Post Office Box 1295  
Richmond, Virginia 23218

Dear Ms. Mavredes:

Thank you for the opportunity to comment on the *eVA/Cardinal Integration Audit*, that we received on November 24, 2015. The audit report presents findings and recommendations from the Auditor of Public Accounts (APA) staff assigned to complete the audit.

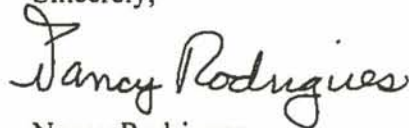
My comments address the overall report only; The Department of General Services will separately address the report details. It is my understanding that the 2015 APA Work Plan on page 5 identified that it would conduct a review of Integration challenges between Virginia's procurement and financial systems, and report on the Commonwealth's efforts to integrate eVA into the new financial accounting system Cardinal. Nowhere does the APA Work Plan contain an objective to review or recommend what should be the procurement system of record for the Commonwealth.

In this report APA identifies that Department of Transportation (Transportation) is already utilizing the procurement modules that the Cardinal System has implemented; what it does not accurately convey is that Transportation is using the modules in violation of § 2.2-1110. I do not agree that Transportation transactions should have been excluded from this integration effort based on the temporary exemption cited by APA. All Transportation transactions and dollars should be included in the evaluation because Transportation's temporary exemption will have expired prior to the planned integration go-live date of February 2017.

DGS proposed a transparency alternative to APA during the vetting of this report because the proposed cost of the integration are currently prohibitive. I believe that this is a viable alternative to improve the transparency required in § 2.2-1115.1.C. and recommend that DGS and DOA work together to address the concerns identified in the report by APA.

Based on the comments and corrections set forth herein, I respectfully request that this letter be appended to the aforementioned APA report and distributed to all parties to whom the APA report will be distributed.

Sincerely,

A handwritten signature in black ink that reads "Nancy Rodrigues". The signature is fluid and cursive, with the first name "Nancy" and last name "Rodrigues" clearly legible.

Nancy Rodrigues  
Secretary of Administration

- c: Christopher Beschler, Director, Department of General Services
- Richard (Ric) Brown, Secretary of Finance
- David Von Moll, Comptroller
- Randy McCabe, Assistant Comptroller
- Joe Damico, Deputy Director, Department of General Services





**COMMONWEALTH of VIRGINIA**  
*Department of General Services*

Christopher L. Beschler  
Director

Joseph F. Damico  
Deputy Director

December 1, 2015

1100 Bank Street  
Suite 420  
Richmond, Virginia 23219  
Voice (804) 786-3311  
FAX (804) 371-8305

Ms. Martha S. Mavredes, CPA  
Auditor of Public Accounts  
Post Office Box 1295  
Richmond, Virginia 23218

Dear Ms. Mavredes:

Thank you for the opportunity to comment on the *eVA/Cardinal Integration Audit*, that we received on November 24, 2015. The audit report presents findings and recommendations from the Auditor of Public Accounts (APA) staff assigned to complete the audit.

**Comments:**

Executive Summary

First and second sentence refer to an “*interface*”, the eVA/Cardinal initiative pursuant to Item 76, C.2. of the 2015 Acts of Assembly, was to address an integration solution, not an interface. The analysis conducted on the eVA/Cardinal initiative was based on real time integration between two systems versus a batch interface between two systems. Throughout this section APA refers to an “*interface*”, between eVA and Cardinal which is not accurate as the initiative was focused on an integration. .

The fourth sentence misstates the required use of eVA beginning in 2011 “*...in lieu of the 2011 mandate that they begin in eVA.*” Successive Administrations directed the use of eVA at the point of requisitioning starting in 2001, and continued through 2008 when the then-current Administration further directed that all agencies that were currently interfacing to eVA were to submit a transition plan to use eVA at the point of requisitioning. In 2011 the requirement to use eVA at the point of requisition was codified by the General Assembly in § 2.2-1110, solidifying in the Code what had administratively been required since 2001.

Background

Paragraph one last sentence understates what eVA provides to the Commonwealth. “*...to place orders and negotiate competitive prices with a much larger vendor community.*” eVA is a complete eProcurement system that offers a wide-ranging and robust suite of tools that are continually updated with features and functionality. eVA currently includes: Requisitioning; eCatalogs; Approvals;



Orders; Electronic Order Delivery; eSourcing & Reverse Auctions; Public Posting & Electronic Vendor Notifications; Vendor Self-Service Registration; Contract Management; Reporting; Spend Analytics & Spend Management; Integration or Interface currently with over 40 different ERPs; Smartphone Mobile Applications; Procurement Vendor Data Standard Master Data Distribution; Transparency Reporting of all purchase, Supplier, and Sourcing data across all business units; and Data and File Retention. It is important that this be clarified as the functionality in eVA goes beyond simple requisition ordering processes found in procurement modules such as the PeopleSoft procurement module.

In paragraph three the report states *“In 2006 the Commonwealth initiated a project known as Cardinal to replace some systems with the PeopleSoft ERP solution.”* This is an incorrect statement; the intent of Cardinal was to replace the Commonwealth’s financial system. In 2006 and 2007 Virginia Enterprise Applications Program (VEAP) and various state agencies, including DOA and VDOT, worked on an approach to provide the Commonwealth with a statewide financial management system. In 2008, VDOT and DOA partnered to plan for a system that could serve as a basis for a statewide financial management system and Solicitations for software and consulting services were issued. This is supported by the Cardinal Project History webpage:  
<http://www.cardinalproject.virginia.gov/history.shtml> .

Paragraph four identifies that Department of Transportation (Transportation) is already utilizing the procurement module in the Cardinal System; what it does not accurately convey is that Transportation is using the procurement module in violation of § 2.2-1110. In addition, it is not accurate to state that Cardinal has a procurement module; rather PeopleSoft has a procurement module as part of its ERP suite of software. What VDOT has done is configure the PeopleSoft module to meet VDOT specific procurement process needs, it does not necessarily meet the procurement electronic processing needs of other state agencies nor does it have in its current configuration the functional or technical ability to be customized to meet the various procurement needs of other state agencies. This is a customized PeopleSoft procurement module in the Commonwealth’s Cardinal financial system.

#### Objectives, Scope and Methodology:

Objective 1 inaccurately references the current Appropriation Act language and the appropriate deadlines. The correct reference is the 2015 Acts of Assembly, Chapter 665, Item 76.C.2, which required the plan submission of July 2015 versus January 2015.

It is unclear why APA’s objective 2 was to understand procure-to-pay solutions outlined in the 2013 Forrester report and determine whether other alternatives exist that were not fully considered in forming their recommendation. The 2015 APA Work Plan on page 5 identified that it would conduct a review of Integration challenges between Virginia’s procurement and financial systems, and report of Commonwealth’s efforts to integrate eVA into the new financial accounting system Cardinal. Nowhere does the APA Work Plan contain an objective to review or recommend what should be the procurement system of record for the Commonwealth.

DGS believes that APA’s objective 3 should have been to understand the various integrations of procurement and financial systems versus procure-to-pay models in place throughout the Commonwealth to match the intent of the 2015 APA Work Plan.

### Cardinal and eVA Integration Efforts

In the first paragraph, APA identifies the intent to “provide transparency and increase efficiencies”; DGS does not agree that the primary intent was to achieve greater transparency but to improve efficiency and compliance with § 2.2-1110, which requires “Where necessary to capture data in agency enterprise resource planning systems and to eliminate or avoid duplicate or manual data entry in such agency systems, using agencies shall integrate their enterprise resource planning systems with the Department of General Services' central electronic procurement system...”. DGS has already provided the transparency required in § 2.2-1115.1.C, with the exception of matching any associated payment. This can be found on the APA DataPoint site eVA link:

<https://logi.eapro.cgipdc.com/External/rdPage.aspx?rdReport=Public.Reports.AgencyNetSpendListByFY>

Below is an image that demonstrates the data available, which can be drilled down into to provide the transactional level data in sufficient detail to clearly determine what an agency has purchased; when the purchase was made; the vendor from whom the purchase was made; the amount purchased; and from what entity of the Commonwealth, including purchases made using credit card. The data available is current as to the previous day, not a quarter behind as with payments.

Commodity Code	Description	FY 2016 ( thru 11/29/2015 )	FY 2015	FY 2014	FY 2013	FY 2012
<a href="#">01515</a>	Chemicals and Supplies: Dry (For Bond Paper Type Copying Machines)	\$67		\$76	\$405	\$1,042
<a href="#">03100</a>	AIR CONDITIONING, HEATING, AND VENTILATING EQUIPMENT, PARTS AND ACCESSORIES (SEE CLASS 740 ALSO)			\$309		
<a href="#">03104</a>	Air Conditioners: Controlled Environment (For Computer Rooms, etc.), and Parts and Accessories not Individually Itemized)			\$639		
<a href="#">03140</a>	Fans, Industrial Types: Attic, Exhaust, Forced Draft, etc. (Including Fan Blades and Fan Parts)				\$179	
<a href="#">03723</a>	Cards, Greeting and Gift (Including Recycled Types)					\$81
<a href="#">03778</a>	Souvenirs: Promotional, Advertising, etc.			\$855	\$872	
<a href="#">05080</a>	Picture Frames and Framing Supplies: Mat Cutters, Mats, Molding, Stretcher Strips, etc.			\$29	\$6	\$41
<a href="#">05568</a>	Monitors, Computerized and Wireless (Including Equipment Utilization, Engine/Driver Performance, Brakes, Lights, RPM, Temperature, etc.)			\$3,791		
<a href="#">08000</a>	BADGES, AWARDS, EMBLEMS, NAME TAGS AND PLATES, JEWELRY, ETC.	\$9	\$18	\$47		
<a href="#">08010</a>	Badges, Buttons, Emblems, and ID Cards, Celluloid and Plastic: Student, Faculty, Membership, Employee, etc.		\$23		\$45	\$45
<a href="#">08065</a>	Service Awards, Specialty Type	\$307	\$1,005	\$398	\$230	
<a href="#">08078</a>	Trophies, Plaques, Awards, Certificates, etc. (Not Otherwise Classified)					\$256
<a href="#">12510</a>	Bindery Supplies		\$155			
<a href="#">18568</a>	Time Clocks and Recorders, Accessories, and Parts			\$263		
<a href="#">20025</a>	Dresses, Skirts, Blouses					\$107
<a href="#">20070</a>	Shirts, Dress and Casual					\$275
<a href="#">20310</a>	Batteries, Computer and Peripheral, Environmentally Certified Products		\$1,541		\$1,080	
<a href="#">20372</a>	Printer Accessories and Supplies: Chemicals, Forms Tractors, Inks and Cartridges, Paper, Label Sheets, Sheet Feeders, Toner Cartridges, Wheels, etc., Environmentally Certified Products	\$660	\$2,085	\$302		
<a href="#">20400</a>	COMPUTER HARDWARE AND PERIPHERALS FOR MICROCOMPUTERS	\$74				
<a href="#">20410</a>	Cabinets and Cases: Desktop Cases, Tower Cases, Drive Cabinets, etc.					\$368
<a href="#">20413</a>	Cables: Printer, Disk, Network, etc.			\$66		

DGS does not concur with APA's definitions of Integration and Interface. APA has defined “Integration as the process of bringing functions from various areas together and ensuring that the combined functions work seamlessly as one system, all while maintaining data in one location.” DGS uses the industry definition: Integration is the technology used to electronically send a transaction from one system to another in real-time. APA has defined “Interface is referred to as a bridge, is where two or more separate software products communicate under limited capacity. The data that is interfaced is maintained in multiple locations, therefore requiring more administration.”



DGS uses the industry definition: *Interface is the technology used to send a file of transactions from one system to another on a periodic basis.*

#### Exclusion of Transportation Transactions

DGS does not agree that Transportation transactions were excluded from this integration effort based on the temporary exemption cited by APA. All Transportation transactions and dollars should be included in the evaluation because VDOT's exemption will have expired prior to the planned integration go-live date of February 2017. Further, DGS takes exception to APA's statement "*When designing and implementing their system starting in fiscal year 2009, Transportation determined that the PeopleSoft procurement module best met their needs and were actively installing the system when a 2011 mandate was approved requiring all agencies to initiate their requisitions in eVA, as provided in the Code of Virginia, Section 2.2-1110(A).*", successive Administrations directed the use of eVA at the point of requisitioning starting in 2001 and continued through 2008 when the then current Administration further directed that all agencies that were currently interfacing were to submit a transition plan to use eVA at the point of requisitioning. In 2011 it was codified by the General assembly in § 2.2-1110. VDOT made commitments to use eVA at the point of requisitioning back in 2006 when VDOT began working with VEAP and DOA on the Cardinal project. VDOT did not have the authority to implement the procurement module and continue to be in violation of the law. "*Transportation subsequently requested an exemption to the mandate and in February 2015 General Services granted a temporary exemption until December 31, 2016 with the expectation that Transportation and General Services work together to complete an analysis by that time*", VDOT requested an exemption, which was denied; however, DGS granted VDOT the appropriate transition time with the latest date being December 31, 2016. A copy of the letter can be provided upon request; to date VDOT has made no effort to comply.

#### Impact to the Exclusions

Since VDOT's transactions and dollars should not have been excluded, DGS believes the APA conclusions are not complete and should at a minimum be re-evaluated including VDOT's data.

#### Recommendation 1:

DGS concurs in part with APA's recommendation that the eVA and Cardinal team should suspend their current plan to integrate Cardinal because the \$7.9 million cost associated with Cardinal enhancements and \$260,000 for eVA enhancements are currently cost prohibitive. However, we believe the business case may be valid given that Transportation should be included in the analysis. DGS does not agree that there is a need to explore alternatives as this will incur additional costs and delay a solution.

#### Purchase Card Automation Opportunity

Purchase Card Automation Opportunity identifies that "*...the Commonwealth pays for the majority of Cardinal agency procurements with purchase cards and transactions with this payment type are currently excluded from the eVA and Cardinal team's interface effort.*" Credit card transactions were determined to be out-of-scope to the integration because individual purchase transactions do not result

in individual matching voucher payments to the associated vendors. Instead, agencies issue one consolidated monthly payment in Cardinal to the credit card company.

APA States that *“While conducting this review we discovered that one of Cardinal’s modules, already owned by the Commonwealth and used at Transportation, includes a purchase card module that may allow for transparency over these purchases without the need for any interface to eVA.”* It is not clear why this statement is included in the APA report as the APA says “may” allow for transparency. The APA states *“We believe the module may have the added benefit of improving controls and efficiencies....”* because APA has not made a definitive determination regarding the use of the Cardinal purchase card module it is unclear how APA’s position should be interpreted.

eVA captures credit card data procurement transactions and already provides the transparency required in § 2.2-1115.1.C. The credit card purchase data is also available on the APA DataPoint site eVA Link:

<https://logi.eipro.cgipdc.com/External/rdPage.aspx?rdReport=Public.Reports.AgencyNetSpendListByFY>. All Credit Card Purchase order data is identified with a number beginning “PCO”. Further, eVA PCard orders also facilitate the payment through encrypted transmission with the order.

Order #	Order Date	Vendor Name	SWAM	Order Line #	Line Description <small>Potential personal information (PII) masked</small>	Vendor Part #	Quantity	Unit Of Measure	Unit Price	Line Total
PCO1754360	9/11/2015	NOVA SOURCE LLC	SW	1	Milwaukee 2415-21 Cordless RA Drill Kit, 12V, 3/8 in. 2 @5172.75/ea	2415-21	2	each	5172.75	\$345.50

## Recommendation 2:

DGS disagrees with the recommendation that the eVA and Cardinal teams should evaluate the PeopleSoft purchase card module used by Transportation. It is important to remember that these are purchasing transactions; PCard is simply the method of payment. The process described in the reports only validates charges after the transaction has occurred; it does not ensure the transaction followed proper procurement regulations.

## Evaluation of Forrester Alternatives

DGS disagrees with this statement *“... however Cardinal’s integrated procurement and finance modules offer edit controls not found in eVA.”* DGS requests that APA provides the data associated with that conclusion.

## Alternative Not Evaluated: Integrated Approach with Punch-Out

The proposed alternative approach *“option involves keeping eVA but allowing Cardinal user agencies to initiate a procurement within the Cardinal procurement module (i.e. build the purchase order using database elements native in the Cardinal system such as vendor name and accounting information) with a punch out to eVA to select the actual items to buy”*, would require the same integration points that have been identified by the eVA and Cardinal teams and as a result is cost prohibitive. Additionally, this will result in two electronic purchasing solutions for the Commonwealth because the eVA solution would still be used directly by 130 non Cardinal agencies. There would also be significant impacts to the over 80,000 vendors registered in the Commonwealth current statewide procurement solution, including small, women and minority-owned vendors.



Recommendation 3:

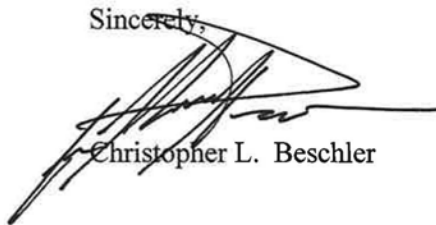
DGS disagrees with the recommendation that the eVA and Cardinal teams explore other alternatives, such as the one we describe in this report because the proposed alternative approach would require the same integration points that have been identified by the eVA Cardinal teams and as a result is cost prohibitive.

DGS Transparency

DGS proposed a transparency alternative to APA during the vetting of this report because the proposed cost of the integration are currently prohibitive. DGS believes, as communicated to APA staff, that this is a viable alternative to meet the requirement of transparency required in § 2.2-1115.1.C. and recommends that DGS and DOA work together to address the concerns identified in the report by APA.

Based on the comments and corrections set forth herein, I respectfully request that this letter be appended to the aforementioned APA report and distributed to all parties to whom the APA report will be distributed.

Sincerely,



Christopher L. Beschler

- c: Nancy Rodrigues, Secretary of Administration  
Richard (Ric) Brown, Secretary of Finance  
David Von Moll, Comptroller  
Randy McCabe, Assistant Comptroller  
Joe Damico, Deputy Director, Department of General Services

## RESPONSIBLE OFFICIALS

Ric Brown  
Secretary of Finance

Nancy Rodrigues  
Secretary of Administration

Christopher L. Beschler  
Director, Department of General Services

David Von Moll  
State Comptroller